

Message Text

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13

ACTION ARA-10

INFO OCT-01 ISO-00 SAB-01 INT-05 EB-07 CIEP-01 PM-03

NSC-05 SP-02 SS-15 RSC-01 CIAE-00 DODE-00 INR-05

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EO 11652: N/A

TAGS: PINTS, EMIN, PN

SUBJ: CERRO COLORADO COPPER -- NO COMPANY TOWN ALLOWED

1. ACCORDING TO AN AP ARTICLE IN THE NOVEMBER 29 EDITION OF LA ESTRELLA DE PANAMA, A GOVERNMENT OFFICIAL -- NOT FURTHER IDENTIFIED -- HAS STATED THAT THE GOP HAS ADOPTED MEASURES TO ENSURE THAT FOREIGN CONTROLLED "COMPANY TOWNS" ARE NOT ESTABLISHED IN CONNECTION WITH THE EVENTUAL EXPLOITATION OF PANAMA'S CERRO COLORADO COPPER DEPOSITS. PANAMA'S EXPERIENCE WITH THE CANAL ZONE AND UNITED BRANDS' BANANA OPERATIONS, IT WAS STATED, HAS PROMPTED THE GOVERNMENT TO MAKE THE PROHIBITION ON COMPANY TOWNS OR "COLONIES" PART OF ANY EXPLOITATION AGREEMENT.

2. INSTEAD OF SETTING UP NEW, SEPARATE COMPANY COMMUNITIES, THE GOP WILL REQUIRE THAT THE ESTIMATED 3,500 NEW WORKERS -- WITH ONLY A FEW EXCEPTIONS -- BE ACCOMMODATED IN THREE EXISTING TOWNSITES WITHIN A 45 KILOMETER RADIUS OF THE CERRO COLORADO DEPOSIT. THE FIRM AWARDED THE CONTRACT WILL HAVE THE OPTION OF (1) COMPENSATING THE GOVERNMENT FOR BUILDING AND

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ADMINISTRATING THE NECESSARY NEW INFRASTRUCTURE FACILITIES

(I.E., ROADS, SCHOOLS, HOSPITALS, ETC.), OR (2)
CONSTRUCTING AND RUNNING THEM ITSELF. IN EITHER INSTANCE,
HOWEVER, THE REQUIRED FACILITIES MUST BE DIVIDED BETWEEN THE
EXISTING TOWNS AND BE AVAILABLE TO ALL LOCAL RESIDENTS,
REGARDLESS OF WHETHER THEY ARE EMPLOYED BY THE COMPANY.
IN THIS FASHION, ACCORDING TO THE ARTICLE, THE GOP WILL
AVOID "ANOTHER COLONIAL ENCLAVE," AND WITH IT THE PROBLEMS
AND ABUSES OF THE TRADITIONAL "COMPANY TOWN."

3. COMMENT: THE GOP'S "NO-COMPANY-TOWNS" POSITION IS
REFLECTIVE OF ITS SENSITIVITY TO "ENCLAVES." ASIDE FROM
THIS POLITICAL CONSIDERATION, THE REQUIREMENT TO IMPROVE AND
EXPAND EXISTING COMMUNITIES IN THE COPPER AREA -- THEREBY
IMPROVING THE QUALITY OF LIFE FOR THE ENTIRE REGION -- MAKES
GOOD DEVELOPMENTAL SENSE AND SHOULD HELP MINIMIZE THE SOCIAL
AND ECONOMIC STRESSES THAT WILL ACCOMPANY SUCH A MAJOR
INJECTION OF RESOURCES AND MANPOWER.
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